



Treaty Series No. 4 (1927)

Notes exchanged between the United Kingdom and Siam

RESPECTING DRAWBACKS AND THE METHOD OF COMPUTING "AD VALOREM" RATES UNDER THE SIAMESE CUSTOMS LAW

BANGKOK, SEPTEMBER 30, 1926

Presented by the Secretary of State for Foreign Affairs
to Parliament by Command of His Majesty

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**Notes exchanged between the United Kingdom and Siam
respecting Drawbacks and the Method of Computing
"ad valorem" Rates under the Siamese Custom
Law.**

Bangkok, September 30, 1926.

No. 1.

Prince Traidos to Mr. Waterlow

M. le Ministre,

Bangkok, September 30, 1926.

I HAVE the honour to draw your attention to section 59 of the new Siamese Customs Law. It is stipulated in the first paragraph of this section that "when goods which have paid import duty are exported the import duty shall be returned; provided that the following regulations are complied with, and that proof be produced that the goods have not been sold, used or manipulated in any way while in the country to make a business profit."

2. It has occurred to the Royal Government that cases may arise in which it may be necessary to give a ruling as to the proper interpretation of article 11 of the Commercial Treaty of the 14th July, 1925, between His Britannic Majesty's Government and the Royal Siamese Government,* which, in dealing with the conditions under which the duty on re-exported goods is to be returned, provides that the duty shall be refunded when such goods "have not gone into consumption in Siam or been subjected there to any process"; and that it might conceivably be argued that the wording of the article in question is open in important respects to a wider interpretation than is the wording of section 59 of the Customs Law setting forth the conditions which must be fulfilled if a refund of customs duty is to be obtained.

3. In order, therefore, to avoid any possible misunderstanding in the future, the Royal Government would be glad to learn whether His Britannic Majesty's Government are prepared to accept the wording of section 59 of the Customs Law as correctly giving effect to article 11 of the Commercial Treaty so far as the conditions are concerned under which a refund of customs duty may be obtained.

4. Similarly, the Royal Government would be glad to learn whether His Britannic Majesty's Government are prepared to accept the wording of sections 11 and 12 of the new Siamese Customs Law as providing a correct method for the determination of value and the computation of *ad valorem* duties on those articles included within articles 10 and 11 of the Commercial Treaty of the 14th July, 1925.

5. I have the honour to add that it is not suggested that the special arrangement in force as regards the refund of duty on gunny bags should be affected in the event of His Britannic Majesty's Government returning a favourable reply to the question asked in paragraph 3 above. As regards the drawback on these

* "Treaty Series, No. 8 (1926)" (Cmd. 2648).

articles the Royal Government assume that His Britannic Majesty's Government do not desire any alteration in the existing exceptional and amicable arrangement obtaining between the Royal Government and the mercantile community, which is understood to be as follows : Drawback on duty is allowed to the importer on all gunny bags which are exported within two years from the date of importation, filled or unfilled, by the importer or the vendee from the importer. The Royal Government propose, if that assumption is correct, that the arrangement in question should continue to be regarded as holding good until the import duty on gunnies is abolished or reduced to a figure not exceeding 1 per cent. *ad valorem*.

6. In conclusion, I have the honour to suggest that, if the above proposals should commend themselves to your Excellency's Government, it may be unnecessary to take steps to implement article 12 of the Commercial Treaty, which contemplates the conclusion of a Supplementary Convention between Great Britain and Siam before the 30th September, 1926.

I avail, &c.

TRAI DOS,

Minister for Foreign Affairs.

No. 2.

Mr. Waterlow to Prince Traidos.

M. le Ministre,

Bangkok, September 30, 1926.

I HAVE referred to my Government the various points raised in the note which your Highness was so good as to address to me on the 30th instant, and, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, I now have the honour to make to you the following communication :—

2. His Majesty's Government have received with satisfaction the proposal, contained in paragraph 5 of your Highness's note, as to the continuance of the existing arrangement as regards the drawback on gunny bags. This proposal is entirely agreeable to them, and, on the understanding that the arrangement in question will, as indicated, not be revoked before the duty on gunny bags is reduced to a figure not exceeding 1 per cent. *ad valorem* or abolished, I am instructed, in reply to the question asked in paragraph 3 of your Highness's note, to inform you that His Majesty's Government do not intend to question the wording of section 59 of the new Siamese Customs Law, and that they accept it as correctly giving effect to article 11 of the Commercial Treaty of the 14th July, 1925, between Siam and Great Britain as regards the conditions under which the refund of import duty is to be granted.

3. I have the honour to add that, on the same understanding as that mentioned in the preceding paragraph, His Britannic Majesty's Government also accept sections 11 and 12 of the new Siamese Customs Law as providing a correct method for the

determination of value and the computation of *ad valorem* duties on those articles included within articles 10 and 11 of the Commercial Treaty of the 14th July, 1925.

4. It is suggested in paragraph 6 of your Highness's note that the present exchange of notes on the above points may make it unnecessary to implement article 12 of the Commercial Treaty, which contemplates the conclusion of a Supplementary Convention between Siam and Great Britain not later than the 30th September, 1926. My Government are prepared to acquiesce in this suggestion also, provided that the Royal Government on their side are prepared to assure His Britannic Majesty's Government that, if they should at any time desire under the terms of article 10 of the Commercial Treaty of the 14th July, 1925, to impose specific duties or to convert into specific duties the *ad valorem* duties (not to exceed 5 per cent.), they will, before proceeding to do so, consult with His Britannic Majesty's Government as to the method of calculating such specific rates.

I avail, &c.

S. P. WATERLOW.

No. 3.

Prince Traidos to Mr. Waterlow.

M. le Ministre,

Bangkok, September 30, 1926.

I HAVE the honour to acknowledge the receipt of your note of the 30th instant informing me that, on the understanding that the present arrangement as regards refund of duty on gunny bags will not be revoked before the duty is reduced to a figure not exceeding 1 per cent. *ad valorem* or abolished, His Britannic Majesty's Government accept the wording of section 59 of the Siamese Customs Law as correctly giving effect to article 11 of the Commercial Treaty of the 14th July, 1925, between Great Britain and Siam, and also accept sections 11 and 12 of the new Siamese Customs Law as providing a correct method for the determination of value and the computation of *ad valorem* duties. The Royal Government have noted these assurances with satisfaction.

2. As regards the point raised in paragraph 4 of your Excellency's note, the Royal Government have no hesitation in assuring His Britannic Majesty's Government that they will consult with them beforehand as to the method of calculating specific rates, should they at any time desire, under the terms of paragraph 3 of article 10 of the Commercial Treaty of the 14th July, 1925, to impose specific duties or to convert into specific duties the *ad valorem* duties (not to exceed 5 per cent.). The Royal Government therefore assumes, in agreement with His Britannic Majesty's Government, that there will be no need to proceed to the negotiation of a Supplementary Convention, as contemplated in article 12 of the Commercial Treaty:

I avail, &c.

TRAIIDOS,

Minister for Foreign Affairs.